(*7*) "person" includes a firm and a Hindu undivided family:

(*8*) "defaulter" includes a company or firm making default under this Act:

(*9*) "Collector" means the chief officer in charge of the revenue-administration of a district, and, in a presidency-town, any officer whom the Local Government, by notification in the official Gazette,[1] may, by name or by virtue of his office, appoint to be a Collector for the purposes of this Act; in the case of a company or firm, it means the Collector, as here defined, of the district or presidency-town in which its principal place of business in British India is situate; and, in the case of any other person chargeable under this Act, it means the Collector, defined as aforesaid, of the district or presidency-town in which the person has his residence:

(*10*) "principal officer," used with reference to a local authority or a company or any other public body or association not being a local authority or company, means—

(*a*) the secretary, treasurer, manager or agent of the authority, company, body or association; or

(*b*) any person connected with the authority, company, body or association upon whom the Collector has caused a notice to be served of his intention of treating him as the principal officer thereof; and

(*11*) "Part" means a Part of the second schedule to this Act.

CHAPTER II.

Liability to Tax.

Incomes liable to the tax.

4. Subject to the exceptions mentioned in the next following section, there shall be paid, in the year

[1] For notification by the Government of Madras investing the Collector of Madras with all the powers of a "Collector" under the Act, *see* Fort St. George Gazette, 1886, Pt. I, p. 231.

year beginning with the first day of April, 1886, and in each subsequent year, to the credit of the Government of India, or as the Governor General in Council directs, in respect of the sources of income specified in the first column of the second schedule to this Act, a tax at the rate specified in that behalf in the second column of that schedule.

Exceptions.

5. (*1*) Nothing in section 4 shall render liable to the tax—

(*a*) any rent or revenue derived from land which is used for agricultural purposes and is either assessed to land-revenue or subject to a local rate assessed and collected by officials of the Government, as such ; or

(*b*) any income derived from—

(i) agriculture, or

(ii) the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market, or

(iii) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him, when he does not keep a shop or stall for the sale of such produce ; or

(*c*) any building owned and occupied by the receiver of the rent or revenue of any such land as is referred to in clause (*a*), or by the cultivator, or the receiver of rent-in-kind, of any land with respect to which or the produce whereof any operation mentioned in clause (*b*) is carried on :

Provided that the building is on or in the immediate vicinity of the land, and is a building which the receiver of the rent or revenue, or the cultivator or the receiver of

of the rent-in-kind, by reason of his connection with the land, requires as a dwelling-house, or as a store-house, factory or other out-building; or

(*d*) any profits of a shipping company incorporated or registered out of British India and having its principal place of business out of India and its ships ordinarily engaged in seagoing traffic out of Indian waters; or

(*e*) any income derived from property solely employed for religious or public charitable purposes; or

(*f*) any income which a person enjoys as a member of a company or of a firm or of a Hindu undivided family when the company or the firm or the family is liable to the tax; or,

(*g*) subject to any conditions and restrictions which may be prescribed in this behalf, such portion, not exceeding one-sixth, of the income in respect whereof a person would, but for this exception, be chargeable under this Act, as is deducted from the salary of the person under the authority or with the permission of the Government for the purpose of securing a deferred annuity to him or a provision to his wife or children after his death or is paid by the person to an insurance company in respect of an insurance or deferred annuity on his own life or on the life of his wife; or

(*h*) any interest on stock-notes; or

(*i*) the salary of any officer, warrant-officer, non-commissioned officer or private of Her Majesty's Forces or of Her Majesty's Indian Forces who is not in an employment which, according to the ordinary practice, is held indifferently by military persons and

and civilians, and whose salary does not exceed five hundred rupees per mensem; or

(*j*) any person whose income from all sources is less than [1][one thousand] rupees per annum.

(*2*) An officer or servant is not exempt from taxation under this Act by reason only of the income of his employer being exempt therefrom under this section.

Power to make exemptions.

6. The Governor General in Council may, by notification in the Gazette of India, exempt[2] from liability to the tax the whole or any part of the income of any class or tribe, or of any persons residing in any specified area, and may, by a like notification, revoke the exemption.

CHAPTER III.

ASSESSMENT AND COLLECTION.

A.—Salaries and Pensions.

Mode of payment in case of Government officials and pensioners.

7. In the case of a person receiving any salary, annuity, pension or gratuity from the Government, any sum payable to him by the Government in respect of the salary, annuity, pension or gratuity shall be reduced by the amount of the tax to which he is liable under Part I in respect thereof.

Mode of payment in case of servants and pensioners of local authorities.

8. (*1*) In the case of a person receiving any salary, annuity, pension or gratuity from a local authority, the tax to which he is liable under Part I shall, at the time of the payment to him of any of the salary, annuity, pension or gratuity, be deducted therefrom by the officer whose duty it is to make the payment, and be paid by that officer within the prescribed time to

[1] These words were substituted for "five hundred" by the Indian Income-tax (Amendment) Act, 1903 (XI of 1903), s. 2 (*1*).

[2] For the consolidated notification as to exemptions from tax and assessment under the Act, issued under this section and s. 38, *see* Gazette of India, 1890, Pt. I, p. 408; *ibid*, 1893, Pt. I, p. 647; *ibid*, 1898, Pt. I, p. 1086; and *ibid*, 1901, Pt. I, p. 259.